

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 ARA-10 EA-09 AID-05 CEA-01
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UNCLAS BRUSSELS 12551

E. O. 11652: N/A
TAGS: EEC, ETRD, EIND
SUBJECT: EC CRISIS PLAN FOR STEEL INDUSTRY

REFS: (A) EC BRUSSELS 12424, (B) EC BRUSSELS 11929

1. EC COMMISSION VICE PRESIDENT HENRI SIMONET ANNOUNCED AT PRESS CONFERENCE DECEMBER 20 FORMAL COMMISSION DECISION TO BEGIN STEEL ANTI-CRISIS PLAN JANUARY 1, 1977 (REFTELS).

2. SIMONET ALSO SAID THAT COMMISSION WAS NEGOTIATING SELF-LIMITATION PACTS WITH SPAIN AND BRAZIL AND THAT SELF-LIMITATION WOULD BE EXTENDED TO MEDIUM AND SMALL JAPANESE STEEL-MAKERS. SIMONET SAID THAT SPAIN, WITH WHICH COMMISSION HAS BEEN NEGOTIATING SINCE DECEMBER 14, HAS ACCEPTED AUTO-LIMITATION IN PRINCIPLE BUT HAS PROPOSED VOLUMES WHICH ARE UNACCEPTABLE TO THE COMMISSION. NEGOTIATIONS ARE UNCLASSIFIED

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CONTINUING. BRAZIL HAS BEEN ASKED TO RESTRICT EXPORTS OF FOUNDRY PIG IRON WHICH ROSE FROM ZERO IN 1974 TO PRESENT LEVELS OF OVER 100,000 TONS PER QUARTER.

3. ON THE PLAN ITSELF, SIMONET SAID THAT THERE WOULD BE SEVENTY ADDRESSES (THIRTY GROUPS PLUS

FORTY INDIVIDUAL COMPANIES) WHO WOULD BE ASKED TO
LIMIT DELIVERIES WITHIN THE EC. THE COMMISSION
WILL ESTABLISH A NUMBER OF AUDITING OFFICES TO
CHECK DELIVERY LEVELS.

4. THE PROPOSED TARGET LEVELS WILL BE OF AN EXPERI-
MENTAL NATURE AND CAN BE MODIFIED DURING THE FOUR-
MONTH TRIAL PERIOD FOR THE PLAN.

5. SIMONET JUSTIFIED IMMEDIATE IMPLEMENTATION OF THE
PLAN BY EXPLAINING THAT PRODUCTION ESTIMATES WERE
PROGRESSIVELY GLOOMIER: NEW ORDERS AT MOST MILLS HAD
FALLEN BELOW ONE-MONTH LEVEL, UNEMPLOYMENT WAS MOUNTING,
AND PROFITS WERE NON-EXISTENT AS PRODUCERS
HAD TO MATCH FOREIGN COMPETITION THROUGH REBATES OF
BETWEEN THIRTY AND FIFTY PERCENT.

6. SIMONET ADDED THAT THE COMMISSION IS NOT THINKING
OF MINIMUM REFERENCE PRICES AT THIS STAGE.HINTON

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Message Attributes

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